

AMENDED IN ASSEMBLY JUNE 4, 2001

AMENDED IN SENATE MARCH 20, 2001

Senate Joint Resolution

No. 7

Introduced by Senator Alpert

(~~Coauthor: Senator Morrow~~)

(Principal coauthor: Assembly Member Cohn)

**(Coauthors: Senators Bowen, Escutia, Figueroa, Kuehl, Morrow,
Ortiz, Polanco, Scott, and Sher)**

*(Coauthors: Assembly Members Aroner, Havice, Kehoe, Koretz,
Lowenthal, Pavley, Vargas, and Wayne)*

March 1, 2001

Senate Joint Resolution No. 7—Relative to wholesale electric prices.

LEGISLATIVE COUNSEL'S DIGEST

SJR 7, as amended, Alpert. Federal Energy Regulatory Commission: wholesale electric prices.

This measure would memorialize the President of the United States and the Congress to support legislation introduced in the Congress requiring the Federal Energy Regulatory Commission to: (1) order a refund of the portion of any rate or charge that exceeds the rate or charge that the commission finds to be just, reasonable, and not unduly discriminating or preferential; and (2) issue ~~an~~ *a temporary* order to establish the maximum price for electricity sold at wholesale subject to the jurisdiction of the commission in the Western Systems Coordinating Council for any period after June 1, 2000, if the commission determines that any rate charged for the wholesale sales of that electricity is unjust, unreasonable, unduly discriminatory, or preferential.

Fiscal committee: no.

1 WHEREAS, As part of California's deregulation of the electric
2 utility industry, the new owners of the electric generating plants
3 that were sold by the state's investor-owned utilities are regulated
4 by the federal government; and

5 WHEREAS, The Federal Energy Regulatory Commission
6 (FERC) granted electric generators the ability to charge
7 market-based rates with the understanding that in a workably
8 competitive market, market-based rates will always produce "just
9 and reasonable" prices; and

10 WHEREAS, Commencing in May of 2000, and continuing to
11 the present, wholesale electric prices throughout much of the
12 western United States have climbed to unjustifiable levels; and

13 WHEREAS, High electric rates threaten not only California's
14 consumers, its neighbors, and businesses, but the economy of the
15 entire nation; and

16 WHEREAS, FERC has preliminarily found that a wholesale
17 electric seller in California withheld electric supply in order to
18 raise prices to California citizens and businesses; and

19 WHEREAS, FERC has issued two orders that state that the rates
20 currently being paid generating plants for electricity are "unjust
21 and unreasonable," and, nevertheless, the commission has ordered
22 only minimal refunds and refused to examine thousands of
23 wholesale transactions whose prices exceed the level that FERC
24 set as the threshold for examination and has further refused to
25 revoke the ability of electric generators to charge market-based
26 rates; and

27 WHEREAS, Accordingly, it is necessary to enact federal laws
28 to require FERC to order a refund of the portion of any rate or
29 charge that exceeds the rate or charge that the commission finds to
30 be just, reasonable, and not unduly discriminating or preferential;
31 and

32 WHEREAS, It is also appropriate for the federal government to
33 require FERC to issue ~~an~~ *a temporary* order to establish the
34 maximum price for electricity sold at wholesale subject to the
35 jurisdiction of the commission in the Western Systems
36 Coordinating Council for any period after June 1, 2000, if the
37 commission determines that any rate charged for the wholesale
38 sales of electricity is unjust, unreasonable, unduly discriminatory,
39 or preferential; now, therefore, be it

1 *Resolved by the Senate and Assembly of the State of California,*
2 *jointly,* That the Legislature of the State of California
3 memorializes the President and the Congress of the United States
4 to support legislation introduced in Congress requiring FERC to
5 do both of the following: (1) order a refund of the portion of any
6 rate or charge that exceeds the rate or charge that the commission
7 finds to be just, reasonable, and not unduly discriminating or
8 preferential; and (2) issue ~~an~~ *a temporary* order to establish the
9 maximum price, which shall be based on the seller's costs,
10 including a return of ~~and on~~, *and on*, invested capital, for
11 electricity sold at wholesale subject to the jurisdiction of the
12 commission in the Western Systems Coordinating Council for any
13 period after June 1, 2000, if the commission determines that any
14 rate charged for the wholesale sales of that electricity is unjust,
15 unreasonable, unduly discriminatory, or preferential; and be it
16 further
17 *Resolved,* That the Secretary of the Senate transmit copies of
18 this resolution to the President and Vice President of the United
19 States, the Speaker of the House of Representatives, and to each
20 Senator and Representative from California in the Congress of the
21 United States.

